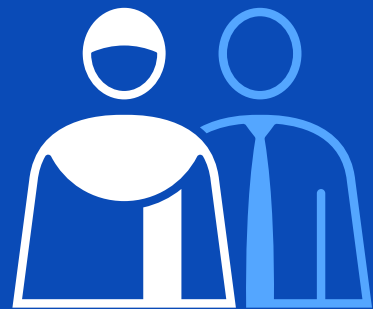


# Gender and Ethnicity Pay Gap Reports 2022



## Statement from John Neal, Lloyd's CEO

Lloyd's is the oldest insurance marketplace in existence – but it is also adapting and innovating to meet the needs of the times. A diverse market with an inclusive culture enables this evolution, driving high performance and building resilience in the face of growing global uncertainty. It also increases our ability to drive innovation by introducing new mindsets and viewpoints.

In this report we set out the pay gap data for both Gender and Ethnicity. Measuring and publishing our ethnicity pay gap is part of our long term ethnicity plan – ensuring transparency and facilitating targeted action.

Lloyd's has seen minor increases in both the gender and ethnicity pay gaps. The Lloyd's April 2022 mean gender pay gap is 20.6% (for hourly pay), an increase in absolute terms of 2% from 2021. The median for hourly pay has increased by 2.1% to 21.3%. Data shows that despite representation at senior levels increasing so has the gender pay gap. Our gender pay gap is driven by the over-representation of women in the lower quartile, concentrated in specific departments. Since the inception of our pay gap reporting in 2017, the gender pay gap has reduced by 7.1% mean and 10.8% median.

Our leadership population is small and therefore due to the size of these populations within Lloyd's the figures may fluctuate from year to year.

The overall mean ethnicity pay gap for 2022 Lloyd's is 16.4% an increase of 0.3% from last year, the median is 10.5% an increase of 1% from 2021. In our reporting, we have broken this down to illustrate the differences across Black, Asian and Mixed backgrounds, as this allows us to see and understand the differences for all our communities and make our actions more specific.

The ethnicity pay gap is driven by under-representation in senior roles within the Corporation, however we are seeing increases in ethnic minority representation within management grades.

Due to small leadership populations, effective solutions to close the gender pay gap, whilst counter intuitive, could include recruiting more white men in junior roles to balance out teams where we have an over-representation of women. However, actions we are taking to recruit a diverse cohort of early careers may, in the short term, exacerbate pay gaps due to increasing diversity in lower quartiles. We are committed to building a strong pipeline of talent but recognise that this will take time to achieve.

Our Advance and Accelerate career development programme are proving effective in facilitating progression and will continue to be important elements of our plans to develop a diverse leadership cohort of the future.

We confirm that the information and data provided is accurate and in accordance with mandatory requirements.



John Neal, CEO Lloyd's

# What's the difference between equal pay and pay gaps?

## Equal pay

Equal pay is the right for men and women to be paid the same for the same, or equivalent, work or work of equal value. It's an aspect of UK sex discrimination law which has been in force for over 40 years. Where men and women are not receiving equal pay, the employer must prove that the reason isn't gender related.

Source: CIPD

Note: Some reasons for differences in pay which are not gender related may include performance in role, experience or other market related factors.

## Gender Pay Gap

The gender pay gap is the difference between the average (mean or median) earnings of all men and all women across a workforce. Source: [.gov.uk](https://www.gov.uk)

The same methodology is applied for other pay gap calculations such as the Ethnicity pay gap. Publishing the Gender Pay gap is a statutory obligation. Publishing the Ethnicity pay gap is voluntary. Publishing pay gap figures is always 1 year in arrears. Note: The Gender and other pay gaps, e.g. ethnicity pay gap are influenced by a number of factors including representation at senior levels within a business and the prevalence of some groups in less well remunerated roles.

Lloyd's Gender Pay Gap		Key: Women ♀ Men ♂					
		2017	2018	2019	2020	2021	2022
Gender Pay Gap	Mean	27.7%	19.9%	22.2%	20.4%	18.6%	20.6%
	Median	32.1%	29.9%	26.5%	20.8%	19.2%	21.3%
Gender Bonus Gap	Mean	36.7%	30.1%	37.4%	28.1%	23.0%	38.2%
	Median	40.5%	42.8%	40.5%	33.6%	25.9%	32.8%
Proportion of Employees in receipt of Bonus	♀	87.3%	82.4%	74%	63.3%	73.6%	76.9%
	♂	84.7%	77.8%	71.1%	64.6%	71.7%	75.4%

## Lloyd's Gender Pay Gap by pay quartile

Key: Women ♀ Men ♂

Employees		2017	2018	2019	2020	2021	2022
Lower Quartile	♂	32.3%	34.3%	38.0%	36.2%	35.0%	36.2%
	♀	67.7%	65.7%	62.0%	63.8%	65.0%	63.8%
Lower Middle Quartile	♂	41.2%	46.7%	48.3%	48.9%	50.6%	52.0%
	♀	58.8%	53.3%	51.7%	51.1%	49.4%	48.0%
Upper Middle Quartile	♂	54.6%	54.0%	55.5%	59.1%	58.5%	58.3%
	♀	45.4%	46.0%	44.5%	40.9%	41.5%	41.7%
Upper Quartile	♂	66.4%	65.0%	64.5%	61.3%	60.8%	60.1%
	♀	33.6%	35.0%	35.5%	38.7%	39.2%	39.9%

## What the data is telling us:

Data shows that even though representation at senior levels has increased so has the gender pay gap. There has been a small increase in the representation of women in the upper middle quartile by 0.2% to 41.7%.

The Lloyd's April 2022 mean gender pay gap is 20.6% (for hourly pay), an increase in absolute terms of 2% from 2021. The median for hourly pay has increased by 2.1% to 21.3%.

The mean bonus pay gap is 38.2%, an increase of 15.2%. The median bonus gap has increased by 6.9% to 32.8%. The mean bonus award for men increased by 1.4% in 2022 compared with 2021, however for women the mean bonus award decreased by 18.7%.

This is driven by several factors:

- maternity leave resulting in reduced bonus awards
- the higher percentage of part time workers reflecting being women.
- Turn-over at Executive level impacting the number of executives eligible for bonus.

It's important to note that of the 37 employees employed by Lloyd's on 5 April 2022 who have been marked as 'unpaid' due to not being on full pay for the pay period of April (due to a number of factors – maternity leave, sabbatical, starting part way through the pay period, leaving part way through the pay period etc.), 25 (68%) are female versus 12 (32%) male, which will further impact the pay gap.

## Lloyd's Ethnicity Pay Gap

		Ethnicity Minority			Black		
		2020	2021	2022	2020	2021	2022
Ethnicity Pay Gap	Mean	15.3%	16.1%	16.4%	19.7%	17.3%	21.5%
	Median	6.1%	9.5%	10.5%	19.3%	17.3%	15.6%
Ethnicity Bonus Pay Gap	Mean	19.2%	24.1%	30.0%	23.6%	23.7%	26.8%
	Median	6.7%	8.0%	6.3%	30.4%	19.4%	18.6%
Proportion of Employees in receipt of Bonus		50.6%	60.4%	68.3%	56.8%	75.0%	75.0%

		Asian			Mixed		
		2020	2021	2022	2020	2021	2022
Ethnicity Pay Gap	Mean	14.4%	16.1%	17%	9.4%	13.6%	9.9%
	Median	2.1%	6.9%	10.5%	-4.9%	10.3%	1.7%
Ethnicity Bonus Pay Gap	Mean	22.0%	24.8%	35.8%	-23.8%	20.6%	-13.0%
	Median	3.3%	-1.5%	6.9%	2.1%	13.7%	-57.2%
Proportion of Employees in receipt of Bonus		50.5%	56.8%	68.1%	35.3%	53.8%	44.5%

## Lloyd's Ethnicity Pay Gap Employees by pay quartile

Employees	White			Ethnic Minority		
	2020	2021	2022	2020	2021	2022
Lower Quartile	79.8%	75.8%	73.6%	20.2%	24.2%	26.4%
Lower Middle Quartile	71.0%	67.0%	66.4%	29.0%	33.0%	33.6%
Upper Middle Quartile	75.7%	78.1%	70.5%	24.3%	21.9%	29.6%
Upper Quartile	84.8%	83.8%	84.1%	15.2%	16.2%	15.9%

## What the data is telling us:

The Overall mean ethnicity pay gap for 2022 Lloyd's is 16.4% an increase of 0.3% from last year, the median is 10.5% an increase of 1% from 2021, the overall ethnicity bonus gap is 30% mean with a median of 6.3%.

In reviewing the individual categories for Black, Asian and Mixed colleagues the most notable mean gaps are of Black colleagues at 21.5%, which increased by 4.2% from our 2021 report and Asian colleagues at 17% which has increased by 0.9% from 2021. The gap for mixed colleagues has reduced from 13.6% to 9.9%. In the past year there has been an overall increase in the number of declared ethnic minority colleagues in the Corporation.

Overall, there is under-representation of ethnic minority senior leaders in the organisation which is a contributing factor towards our ethnicity pay gap. Representation decreased by 0.3% in the upper quartile and increased by 7.7% the upper middle quartile since 2021.

Within the Corporation 14% of colleagues have not disclosed their ethnicity in the HR system. Closing the non-disclosed figures continues to be a priority to better track the employee lifecycle of ethnic minority colleagues.

Our Ethnic Minority overall figure includes those who have self-identified as Black, Asian or Mixed. The 'Other' category has been excluded at this time as the total number of colleagues who identify as 'other' is too low to report against.

Lloyd's is one of few FTSE 100 companies that have conducted Ethnicity Pay Gap Reports.

# What have we done to close the pay gaps in 2022?

The culture strategy has been developed and published in spring 2022.

## **Talent attraction and inclusive selection**

- We improved job advertisements to attract more diverse applicants, for example by using gender inclusive language and highlighting available D&I and wellbeing support.
- We introduced diverse panel interviews volunteers to ensure our hiring process is as inclusive as possible and continued to offer inclusive recruitment training for managers.

## **Talent development and retention**

**Advance:** Career development programme for women

- 14 Corporation and market employees have completed Advance in 2022. Over 152 Corporation and market employees are starting or have gone through this programme since we launched it.

## **Accelerate: Career Development programme for ethnic minorities**

- 15 Corporation and market employees have completed Accelerate in 2022, and we now have a total of 60 Accelerate alumni.

## **Equality analysis of pay and performance processes**

- D&I guidance was added to the talent management process as a result of the analysis.
- We trained line managers on performance reviews.
- We integrated our values into our performance management process.

## **Ethnicity commitments**

- We achieved a 25% hire rate for ethnic minorities for all hires in 2022 against our 1 in 3 hiring ambition and a 33% hiring rate for ethnic minorities when measuring only against those individuals that disclosed diversity data.
- We sponsor the African-Caribbean Insurance network (ACIN). The ACIN was formed to boost black and minority ethnic representation within the insurance industry by way of increasing cultural competence in the London market and making the Insurance sector a more attractive destination for young ethnic professionals.
- We also sponsor the Insurance Cultural Awareness Network (iCAN). iCAN are the first industry wide, independent, volunteer-run network that supports multicultural inclusion across the insurance sector.

## **D&I accreditations focussed on audit and impacts**

- Lloyd's has achieved Gold level Clear Assured status for our inclusive practices and has risen from 75th to 45th on the Social Mobility Foundation's, Social Mobility Employer's Index.

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# What are we doing to close the Pay Gaps in 2023?

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## **Data and planning**

- Modelling is being undertaken on vacancies this year to deliver a targeted plan.

## **Talent attraction**

- Ensure that senior job descriptions emphasise inclusive leadership capabilities and all leadership roles are assessed against the agreed Lloyd's leadership framework.
- Use job boards that target diverse talent such as Vercida.

## **Working in partnership**

- Further develop partnership work with ACIN, Reach Society, SEO London and Race Equality Matters to attract ethnic minority talent.

## **Increase talent development and retention**

- Continue promotion of the Accelerate and Advance programmes.



